

Message Text

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ACTION EB-07

INFO OCT-01 NEA-09 ISO-00 EUR-12 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07

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FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 1916

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E.O. 11652: N/A

TAGS: ENRG, AG

SUBJ: STATUS OF LIQUID NATURAL GAS CONTRACTS

1. MINISTER OF STATE FOR TRANSPORT RABAH BITAT, IN CONVERSATION FEBRUARY 18, SAID ALGERIANS BEING TREATED BY AMERICANS AS THOUGH THEY HAD MEASLES. EL PASO II LNG CONTRACT WAS A CASE IN POINT. ALGERIANS CONFIDENT OF THEIR ABILITY TO SELL THEIR LNG TO EUROPE, BUT WANTED TO DIVERSIFY THEIR MARKETS AND THEREFORE INTERESTED IN SELLING TO US. I SAID WHOLE QUESTION LNG POLICY UNDER STUDY IN UNITED STATES AND OUTCOME UNCERTAIN. THERE WERE TWO PARTICULAR CONCERNS ABOUT ALGERIAN GAS, HOWEVER. ONE WAS PRICE, WHICH WAS MUCH LESS INTERESTING TODAY THAN IT HAD BEEN WHEN FIRST EL PASO CONTRACT NEGOTIATED. SECOND WAS SECURITY OF SUPPLY. AMERICANS WERE CONCERNED ABOUT BECOMING DEPENDENT ON SUPPLY WHICH MIGHT BE CUT OFF IF THERE WERE TO BE ANOTHER WAR IN THE NEAR EAST.

2. BITAT SAID ALGERIANS WERE NOT INVESTING BILLIONS OF DOLLARS IN GAS INDUSTRY JUST FOR FUN OF IT. THEY WOULD HAVE VITAL INTEREST IN SELLING THEIR PRODUCT,
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WHATEVER HAPPENED IN NEAR EAST. THEY WERE SERIOUS

PEOPLE AND CONSIDERED A CONTRACT A FIRM UNDERTAKING.
HE COULD ASSURE ME PERSONALLY THERE WOULD BE NO
INTERRUPTION OF SUPPLY. MINISTER OF INDUSTRY AND ENERGY
AND PRESIDENT BOUMEDIENE WOULD DO THE SAME. IF WE
COULD BUY GAS FROM SOVIETS AND BECOME DEPENDENT ON
THEM, WE COULD BUY IT FROM ALGERIANS, WHO WERE DOING
MORE BUSINESS WITH US THAN THEY WERE WITH SOVIETS.

3. COMMENT: THIS IS FIRST TIME ALGERIAN OFFICIAL
HAS RAISED LNG QUESTION WITH ME. IT WILL NOT BE LAST.
WOULD APPRECIATE LATEST READING DEPARTMENT HAS ON
STATUS DISCUSSIONS BETWEEN EL PASO AND SONATRACH.PARKER

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